



Enclosure 4b  
October 20, 2011

***Rhode Island Department of Elementary and  
Secondary Education***

Board of Regents  
October 20, 2011 Working Session  
FY 2012 Revised and FY 2013 Budgets

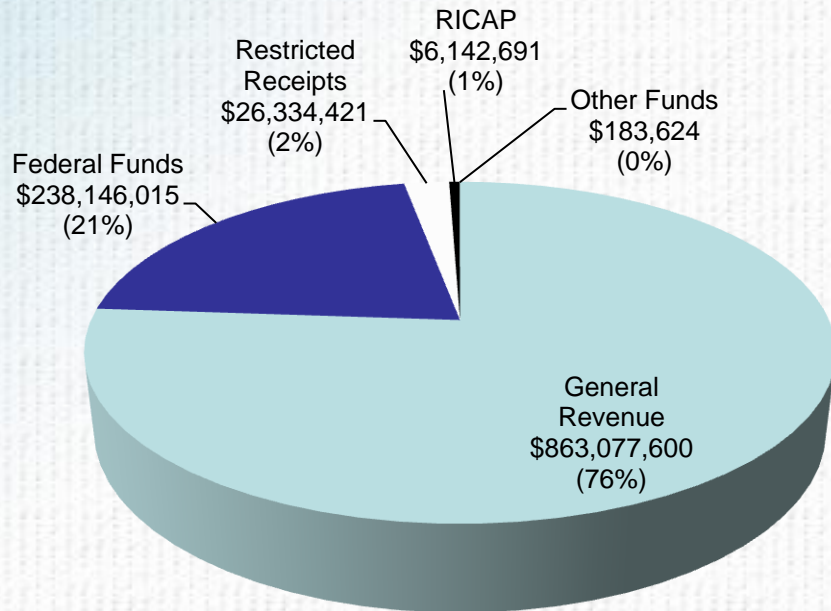
***Rhode Island Department of Elementary and Secondary Education***

# Rhode Island Department of Education

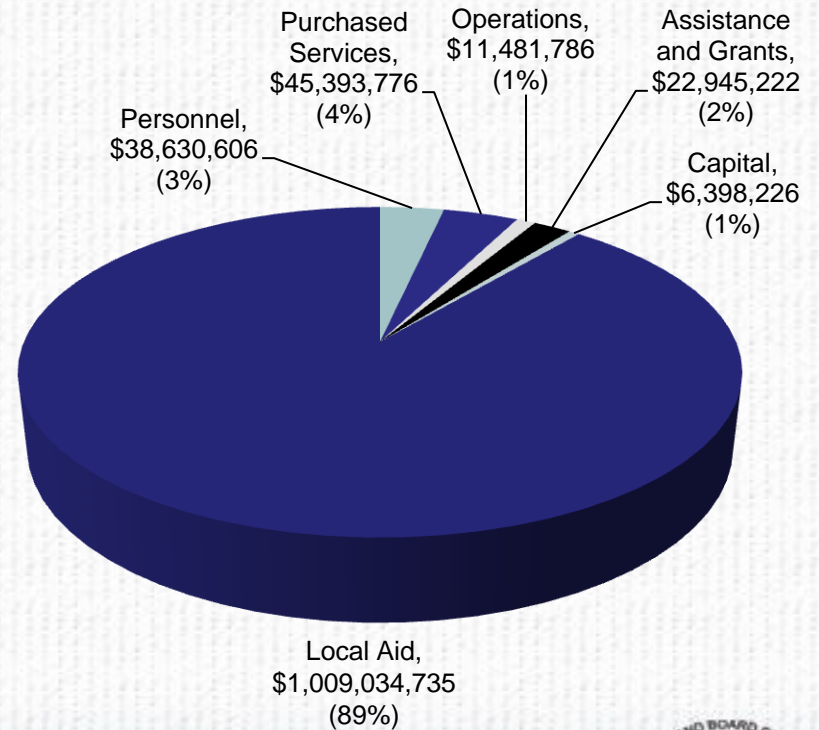
FY 2012 enacted budget

All funds - \$1,133,884,351

By source of funding



By category of expenditure



*Rhode Island Department of Elementary and Secondary Education*



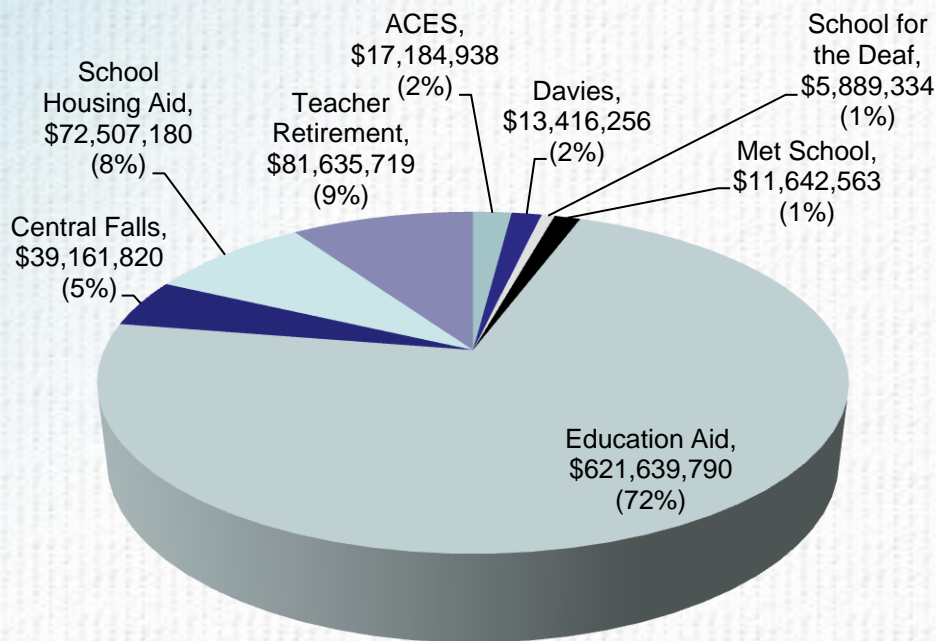


# Rhode Island Department of Education

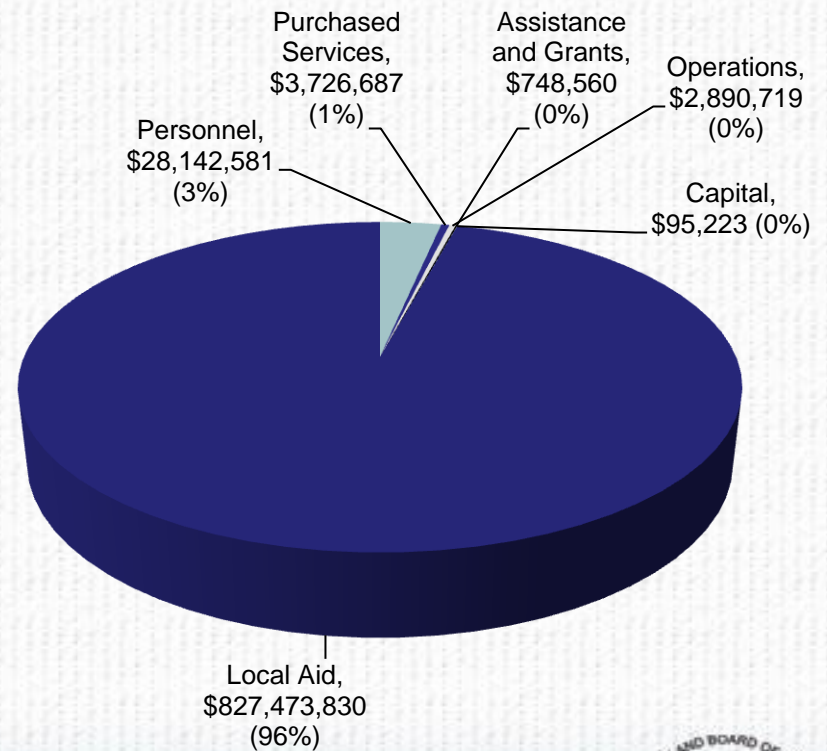
FY 2012 enacted budget

General revenue - \$863,077,600

By program



By category of expenditure



# Rhode Island Department of Education

## Summary – FY 2013 Regents' Request

Program	FY 2012 Enacted Budget	Budget Office Target Adds/ Data Updates	GR Restoration for Jobs Fund	Proposed Changes	FY 2013 Regents Request	% Change 2012 Enacted to 2013 Request
ACES (Program Operations)	\$17,184,938	\$1,002,592	\$248,000	\$2,320,000	\$20,755,530	21%
Davies Career and Technical School	\$13,416,256	(\$679,757)	\$673,955	0	\$13,410,454	0%
RI School for the Deaf	\$5,889,334	\$532,404	\$283,888	0	\$6,705,626	14%
Metropolitan Career & Technical School	\$11,642,563	(\$625,813)	\$593,721	0	\$11,610,471	0%
Education Aid	\$621,639,790	\$30,159,361	\$28,749,543	\$3,687,559	\$684,236,253	10%
Central Falls School District	\$39,161,820	(\$1,689,017)	\$1,969,619	0	\$39,442,422	1%
School Housing Aid	\$72,507,180	\$2,500,000	0	0	\$75,007,180	3%
Teacher's Retirement	\$81,635,719	\$49,238,195	0	\$3,792,041	\$134,665,955	65%
<b>Total</b>	<b>\$863,077,600</b>	<b>\$80,437,965</b>	<b>\$32,518,726</b>	<b>\$9,799,600</b>	<b>\$985,833,891</b>	<b>14%</b>



# Rhode Island Department of Education

## FY 2013 General Revenue Changes from Budget Office Targets

FY 2013 Proposals	\$ Amount
Teachers' Retirement add to reflect higher teacher wage growth than projected	\$3,792,041
Restore Progressive Support & Intervention to FY 2011 level	\$2,687,559
Restore Adult Ed grants to FY 2011 level	\$2,295,000
Full funding for the RI Telecommunications Access Fund	\$1,000,000
Vision Services add for personnel costs	\$25,000
<b>TOTAL</b>	<b>\$9,799,600</b>

\* No changes to authorized personnel levels (FTEs) for RIDE, the School for the Deaf, or Davies Career & Technical High School are requested.





# Rhode Island Department of Education

## Administration of the Comprehensive Education Strategy (ACES)

- The FY 2012 and FY 2013 funding of the Department's ACES account complies with the State Budget Office's current service level requirement; however, these funding levels require diligent management to continuously mitigate the embedded risks during high stakes education reform. The following are the contributing factors:
  - Across-the-board Budget Office and General Assembly reductions to operational and purchased service supports result in extremely limited flexibility;
  - Aggressive personnel projections require strategic recruitment and hiring; and
  - The majority of federal grant funding are direct allocations to LEAs and the percentage to support the Department's work is restricted.



# Rhode Island Department of Education

## Funding Formula

### FY 2013 General Revenue Adjustments

Total Funding Formula Aid - FY 2012 Enacted*	\$676,399,430
Education Jobs Fund Offset Restoration	\$31,986,838 (4.7% increase)
<b>Subtotal</b>	<b>\$708,386,268</b>
Funding Formula Distribution – Year 2 **	\$21,565,005 (3.2% increase)
<b>Subtotal: Funding Formula Aid – Year 2</b>	<b>\$729,951,273</b>

#### Funding Formula Categorical Funds

Career & Technical Education	\$3,000,000
Early Childhood	\$1,450,000
Transportation	\$1,087,840
High Cost Special Ed	\$500,000
Central Falls Transition ***	\$0
Regional Bonus	(\$438,071)
<b>Subtotal: Formula Categorical Funds</b>	<b>\$5,599,769 (0.8% increase)</b>

**Total – FY 2013** **\$735,551,042**

\* Includes Formula funding for all local districts, all charter schools, and all state schools except for the School for the Deaf. Also includes funding for the Regional Bonus and the Transportation categorical funds.

\*\* Includes the projected amount needed to accommodate anticipated data updates, including student enrollment changes, the core instruction per pupil, and the state share ratio . Amounts are subject to change with annual spring data updates.

\*\*\* Subject to change based on the outcome of the current court proceedings.





# Rhode Island Department of Education

## State Schools

- FY 2013 is “Year 2” of the funding formula for Central Falls, Davies, and the Met School. Reductions from the enacted “Year 1” level may be necessary to reach the funding formula-driven Year 2 budget in FY 2013.
- For Central Falls, reduction of \$1.7M in state funding may be partially offset by additional state and local funding through the Central Falls Stabilization Fund. (Central Falls’ FY 2010 per pupil amount was \$19,886, because state funding has remained constant despite the loss of approximately 1,000 students over the course of three years.)
- For Davies and Met, reductions of \$0.7M and \$0.6M, respectively, will be offset by projected local tuitions from the sending communities of \$0.8M and \$1.3M, respectively (net gain projected for both schools – Davies \$103K and Met \$701K).
- The School for the Deaf is not part of the funding formula. They will request \$5.9 million FY 2012 and \$6.7 million in for FY 2013, which is equal to the target amount in both years.





# Rhode Island Department of Education

## Teacher Retirement

- The Budget Office adjustment for teacher retirement added \$49.2 million to the FY 2012 enacted level of \$81.6 million, based on an estimated 2% increase in overall teacher payroll.
- Actual wage growth in FY 2011 was higher, requiring an additional \$2.4 million in FY 2012 and \$3.8 million in FY 2013.

Teachers' Retirement Required Contributions	FY 2012 Revised	FY 2013	Change
<b>Percentage of Wages</b>			
State	9.09%	14.27%	5.18%
Local	13.23%	20.98%	7.75%
<b>TOTAL</b>	<b>22.32%</b>	<b>35.25%</b>	<b>12.93%</b>
<b>Estimated Required Contribution</b>			
State	\$84,032,293	\$134,665,955	\$50,633,662
Local	\$126,048,440	\$201,998,932	\$75,950,492
<b>TOTAL</b>	<b>\$210,080,733</b>	<b>\$336,664,887</b>	<b>\$126,584,154</b>



# Rhode Island Department of Education

## School Housing Aid

- In FY 2012 \$72.5 million was appropriated for School Housing Aid. The minimum state share rose from 30% to 35% in FY 2012 and will rise to 40% in FY 2013.
- In June 2011 the General Assembly enacted a moratorium on new project approvals (except for health and safety projects) and a sunset provision for projects approved before the current school construction regulations went into effect.
- The moratorium provides no immediate savings because the state reimburses projects once they have been completed not when they are approved. A short term decrease in housing aid is anticipated between FY 2015 and 2017. However, long term costs will be higher because a moratorium does not solve the district's facility needs and creates a back log of projects. In many cases, building conditions worsen as a result of deferred maintenance.
- Costs are expected to increase by \$2.5 million from the FY 2012 enacted level in FY 2013.





# Rhode Island Department of Education

## FY 2012 General Revenue revised budget

- For FY 2012, the revised budget will maintain the Enacted level for all programs except for Teachers' Retirement and School Housing Aid.
- Delays in school construction projects results in a reduction of \$2.7 million in FY 2012, while higher than budgeted teacher wage growth is expected to boost Teacher Retirement costs by \$2.4 million.

FY 2012 Revisions	\$ Amount
Teachers' Retirement add to reflect higher teacher wage growth than projected	\$2,396,574
Delay in project completion for School Housing Aid	(\$2,731,170)
<b>TOTAL</b>	<b>(\$334,596)</b>



# Rhode Island Department of Education

## Budget Articles

- The RIDE budget request will contain budget articles on the following subjects:
  - To allow the \$477K in supplemental funding received by Rhode Island under the Education Jobs Fund to flow to LEAs without an offsetting reduction of state education aid.
  - To amend the wording for the Central Falls Stabilization Fund language to allow total funding to change based on student data updates.
  - To revise the calculation for school housing aid for charter schools to have state reimbursements reflect the demographics of the students attending the charter schools.

